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12 December 1964

MEMORANDUM FOR: Deputy Director (Science & Technology)

SUBJECT : Status of Funding of [] Program

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1. The following is a memorandum for record of a telephone conversation I had with Dr. McMillan:

"On Tuesday, 8 December, in a telephone conversation with Dr. McMillan, I told him that I was not clear on the funding picture of [] and asked him if he had had an opportunity to develop the review points of the program as agreed at the NRO ExCom meeting of 1 December. Dr. McMillan told me that he was holding about [] program and that the contracts are with [] for development -- not a feasibility study. Dr. McMillan stated, 'Vance never agreed that it was a feasibility study.' He said that Mr. Vance had said the projects would go on and would be reviewed from time to time and that's the way Dr. McMillan is proceeding. I told Dr. McMillan that this was contrary to Mr. McCone's clear understanding."

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2. Records I have been holding but which I am sure are incomplete as well as out of date indicate the following:

a. In the minutes of the NRO ExCom meeting as prepared by the DD/NRO, Mr. Kiefer, for August 26, 1964, the following statement appears:

"Secretary Vance inquired next as to unresolved budgetary items. It was agreed that [] [] were settled in the Phase I aspects."

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NRO review(s) completed.

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b. On 10 September at the NRO ExCom meeting, Dr. McMillan reported that he was ready to proceed on a Phase I type of operation for [] (This Phase I is identical to the Phase I feasibility study on [])

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3. Please urgently research records available to you from minutes or other discussions between Mr. McCone and Mr. Vance in this regard. It is Mr. McCone's clear understanding that [] were to be feasibility studies prior to any development funding and that Mr. Vance was in complete agreement with this.

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4. The sooner you can do this, the better it will be for all.

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Marshall S. Carter
Lieutenant General, USA
Deputy Director

MSC:blp

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